

## Message Text

CONFIDENTIAL

PAGE 01 STATE 222893

66

ORIGIN OES-04

INFO OCT-01 CCO-00 SSO-00 ISO-00 SS-15 NSC-05 NSCE-00 /025 R

66616

DRAFTED BY OES/SCI/AE:JUSTIN L. BLOOM

APPROVED BY S/SIO/GTWOHIE

NEA/INS-BAZIL BROWN

S/S:MR. MOFFAT

DESIRED DISTRIBUTION

SS,NSC,NSCE

----- 110897

O 241940Z OCT 74 ZFF4

FM SECSTATE WASHDC

TO AMEMBASSY MOSCOW IMMEDIATE

C O N F I D E N T I A L STATE 222893

TOSEC 87

FOLLOWING REPEAT STATE 222893 ACTION BONN NEW DELHI IAEA VIENNA  
EC BRUSSELS

OTTAWA DATED 9 OCT 1974

QUOTE

C O N F I D E N T I A L STATE 222893

E.O. 11652: GDS

TAGS: TECH, GW, IN

SUBJECT: NUCLEAR-RELATED EXPORTS FROM FRG TO INDIA

1. DEPT. HAS BEEN ADVISED BY AEC/ISA THAT IT HAS RECEIVED  
APPLICATIONS FOR PERMISSION TO MAKE EXPORTS OF NUCLEAR-  
RELATED MATERIALS, TECHNOLOGY, OR EQUIPMENT TO FRG FOR RE-  
EXPORT TO INDIA. DETAILS ARE AS FOLLOWS:

2. FIRST APPLICATION IS FROM UNION CARBIDE CORP. FOR  
AUTHORIZATION TO PARTICIPATE IN A HEAVY WATER PLANT PROJECT  
IN INDIA. GENERAL CONTRACTOR IS FRIEDRICH UHDE COMPANY,  
FRG. CARBIDE PARTICIPATION WOULD BE THROUGH ITS SUBSIDI-  
ARIES IN FRG AND INDIA. WE UNDERSTAND UHDE CONSTRUCTION  
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 222893

WORK HAS BEGUN ALREADY. CARBIDE GERMAN SUBSIDIARY'S EFFORT

WOULD INVOLVE PREPARATION OF PRODUCTION DRAWINGS AND SKETCHES FOR DISTILLATION TRAYS TO BE USED IN TALCHER HEAVY WATER PLANT, WHICH USES HYDROGEN-AMINE EXCHANGE PROCESS. UNION CARBIDE INDIA LTD. WOULD ENTER INTO CONTRACT WITH BHABA ATOMIC RESEARCH CENTER TO ENGINEER, FABRICATE AND

INSTALL THE TRAYS. (FYI: DRAWINGS HAVE BEEN MADE ALREADY BUT NOT TRANSFERRED TO UHDE. END FYI)

3. CARBIDE CLAIMS THAT ITS ROLE IN PLANT CONSTRUCTION IS SMALL, THAT ITS TRAYS ARE NOT CRITICAL TO COMPLETION OF CONSTRUCTION OF PLANT (SINCE OTHER SUPPLIERS CAN FURNISH

THEM), AND PRECEDENT WAS ESTABLISHED IN AEC APPROVAL OF CARBIDE'S FURNISHING OF STANDARD TRAYS FOR RAJASTHAN HEAVY WATER PLANT (G - S PROCESS) IN 1970. REVENUE TO TWO CARBIDE SUBSIDIARIES FROM PROPOSED ARRANGEMENT TOTALS \$1,614,200.

4. ADDRESSEES MAY RECALL THAT EXPORT OF HEAVY WATER PLANTS TO NON-NUCLEAR WEAPON STATES (WHICH FOR THIS PURPOSE WE INCLUDE INDIA) DOES NOT APPEAR ON NUCLEAR SUPPLIER NATION (ZANGGER) TRIGGER LIST, ALTHOUGH HEAVY WATER DOES APPEAR. SEVERAL YEARS AGO WE DISCOVERED THAT FRG WAS ABOUT TO ASSIST INDIA IN BUILDING HEAVY WATER PLANT. USG TOOK POSITION WITH FRG THAT IT MADE NO SENSE TO RESTRICT EXPORTS OF HEAVY WATER BUT NOT OF EQUIPMENT OR TECHNOLOGY TO MANUFACTURE THIS MATERIAL, BUT TRANSACTION WAS TOO FAR ADVANCED TO REVERSE. (FYI: AEC REQUIRES APPLICATION OF IAEA SAFEGUARDS TO ANY U.S. ASSISTANCE IN HEAVY WATER TECHNOLOGY OR PRODUCTION, OR SUPPLY OF HEAVY WATER FOR REACTORS. END FYI) IN VIEW OF RECENT DEPT. DISCUSSIONS WITH ROTH, RANDERMANN, LOOSCH, AND HERMES OF FRG ON SUBJECT OF TIGHTENING CONTROLS ON EXPORTS TO "THRESHOLD" NATIONS, WE PROPOSE THAT EMBASSY BONN APPROACH FRG FONOFF ON THIS SUBJECT TO DETERMINE IF FRG HAS RECONSIDERED ITS FORMER POSITION AND HAS IMPOSED ANY USE RESTRICTIONS OR SAFEGUARDS ON INDIA IN RETURN FOR TRANSFER OF HEAVY WATER EQUIPMENT AND TECHNOLOGY, AND TO OBTAIN VIEWS ON HOW HEAVY WATER PRODUCED IN NEW PLANT WOULD BE CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 222893

KEPT FROM USE IN UNSAFEGUARDED REACTORS (E.G., CIRUS OR MADRAS REACTORS) IF NO SAFEGUARDS CONDITIONS HAVE BEEN APPLIED TO SALE.

5. SECOND APPLICATION TO AEC IS FROM WAH CHANG/TELEDYNE FOR EXPORT OF APPROXIMATELY 40,000 KG (EXACT NUMBER IS IN QUESTION) OF ZIRCALOY-4 TUBE SHELLS TO FRG COMPANY VDM-ZIRKONIUM GMBH, DUISBERG. OF THIS AMOUNT, ABOUT 2,500 KG

ARE DESTINED FOR RAPP II REACTOR IN INDIA AFTER CONVERSION BY VDM INTO FUEL ELEMENT CLADDING TUBES. REMAINDER OF SHIPMENT IS TO BE USED IN FRG REACTORS.

6. AS DISTINGUISHED FROM PREVIOUS CASE OF EXPORT OF ZIRACOY TO FRG TO MAPP REACTOR USE, IN WHICH SHIPMENT WAS

DISAPPROVED BECAUSE MAPP REACTORS ARE UNSAFEGUARDED, RAPP II IS CURRENTLY UNDER IAEA SAFEGUARDS, BUT DURATION OF SUCH SAFEGUARDS BEYOND 1976 IS NOT CLEAR. OUR FURTHER CONCERN HERE IS THAT IF SHIPMENT TO RAPP II IS APPROVED, IT WILL FREE UP EQUIVALENT AMOUNT OF ZIRCALOY PRODUCED INDIGENOUSLY IN INDIA FOR USE IN MAPP REACTORS. REQUEST EMBASSY BONN OBTAIN FRG FONOFF VIEWS ON THIS TRANSACTION.

7. FYI: WE HAVE MADE INFORMAL DEMARCHE TO CANADIAN EMBASSY WASHINGTON ATOMIC ENERGY ATTACHE ON ABOVE TWO MATTERS, SINCE WE DESIRE TO SHOW ATTITUDE OF COOPERATION WITH GOC ON PROLIFERATION MATTERS AND WOULD NOT WANT TO WORK AT CROSS PURPOSES WITH GOC IN MATTERS RELATED TO GOC DIRECT SUPPLY OF RAPP II TO INDIA AND TO PROBLEMS THAT HAVE ARISEN FROM INDIA'S USE OF CANADIAN TECHNOLOGY TO BUILD UNSAFEGUARDED MAPP REACTORS. WE UNDERSTAND FROM GOC SCIATT THAT GOC CABINET WILL MEET LATER THIS YEAR

TO TAKE UP RESUMPTION OF NUCLEAR ASSISTANCE TO INDIA TO EXTENT OF COMPLETION OF RAPP II, SINCE IT WILL BE UNDER IAEA SAFEGUARDS. GOC IS NOW TRYING TO EXTRACT ADDITIONAL BILATERAL SAFEGUARDS FROM INDIA, PARTICULARLY AGREEMENT THAT PLUTONIUM PRODUCED IN RAPP REACTORS WILL NOT BE USED FOR MANUFACTURE OF ANY KIND OF NUCLEAR EXPLOSIVE. FURTHER ADVICE FROM GOC IS EXPECTED. END FYI

CONFIDENTIAL

CONFIDENTIAL

PAGE 04 STATE 222893

8. FURTHER TO ACTIONS REQUESTED OF EMBASSY BONN, OTHER ADDRESSEES INVITED TO REPORT VIEWS AND RECOMMENDATIONS. BONN MAY WISH TO HEAR VIEWS BEFORE APPROACHING FRG. THEREFORE, POSTS ARE REQUESTED TO RESPOND ASAP. INGERSOLL UNQUOTE  
INGERSOLL

CONFIDENTIAL

NNN



## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** REEXPORTS, NUCLEAR POWER PLANTS, EXPORT CONTROLS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 24 OCT 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** golinofr  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974STATE222893  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** JUSTIN L. BLOOM  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** I  
**Film Number:** D740287-0420  
**From:** STATE  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1974/newtext/t19741058/aaaabyax.tel  
**Line Count:** 160  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ORIGIN OES  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:**  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** golinofr  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 27 MAR 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <27 MAR 2002 by elyme>; APPROVED <23 MAY 2002 by golinofr>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** NUCLEAR-RELATED EXPORTS FROM FRG TO INDIA  
**TAGS:** TECH, GE, IN, UNION CARBIDE CORP  
**To:** BONN MULTIPLE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005